

SUBJECT: Abolishing the State Board of Control and creating the State Purchasing and General Services Commission

COMMITTEE: State Affairs: committee substitute recommended

VOTE: 10 ayes--Uher, G. Green, McFarland, Ceverha, Blythe, Elizondo, Gilley, Grubbs, Pierce, Temple

0 nay

0 present, not voting

5 absent--Brown, Joe Gibson, Tip Hall, Henderson, Whitehead

WITNESSES: On--John T. Potter, Legislative Council

DIGEST: This bill abolishes the State Board of Control and transfers its functions to a new State Purchasing and General Services Commission. The bill describes the organization of the commission and codifies its powers and responsibilities.

Most of the commission's duties and powers are the same as those formerly exercised by the Board of Control. CSHB 1673 recodifies the laws that governed the board's operations.

The bill makes a number of substantive changes. It modifies current law regulating leasing of state office space to give more authority to the agencies and less to the new General Services Commission. It allows agencies to make purchases of less than \$500 without going through the commission. It says that the commission may not delay purchase requests by asking for the state auditor's advice. And it allows the use of the "multiple awards" bidding system.

PRO: The main purpose of this bill is to clarify the laws that now govern the Board of Control. The existing laws are obsolete, confusing, and incomplete in many respects. This bill will clean up this confusing part of state government.

The substantive changes proposed by this bill are also desirable. The change in the rules for leasing office space will give agencies badly needed authority. Under the current law, agencies are sometimes forced to move to a new office merely because the Board of Control says the new lease will save the state a little money. The board fails to take into account such things as moving costs, time lost due to moving, and other factors that make moving undesirable. Also, the current law gives the board too much power to decide whether an agency should get the space it requests. The agencies should have the right to make these decisions. Finally, the current law's authority for 10-year leases probably violates the constitution's ban on obligating funds for more than a two-year period.

PRO
(continued)

The section allowing small purchases to be made by the agencies will save everyone a lot of trouble. The commission will have the power to require agencies to make reports on what they are buying. The Board of Control has already adopted a rule which is similar to this proposal.

The ban on delays in purchasing is also important. On occasion, the Board of Control has delayed purchases by as much as six months. Any needed advice from the auditor should already have been obtained by the time the purchase request has reached the Board of Control.

Finally, "multiple awards" bidding is needed to let agencies buy the products they need. For example, an office with a dozen IBM typewriters might need another IBM machine so that the interchangeable typing balls can be used in every typewriter. However, if "single source" purchasing is used, the agency might not be permitted to buy from IBM.

CON:

There is nothing wrong with the basic idea behind this bill, but some of its substantive changes are unwarranted.

The Legislature passed HB 625 last session to reform the leasing of state office space. This bill, which was the result of an Appropriations Committee interim report, recommended that the Board of Control be given more authority to judge whether agencies really need more office space. Also, the bill allowed 10-year leases to be signed so that costs could be reduced.

There is no reason to go back to the old system. If problems exist with the board's calculation of the relative importance of lower leasing costs versus high moving expenses, the computation procedures should be changed. However, the board should retain the right to veto agencies' requests for more space. Everyone wants bigger and fancier offices; we need a way to evaluate agency requests.

The small-purchase authorization is a reasonable idea as long as the purchasing commission can issue rules requiring agencies to inform it of what purchases are made.

The ban on delays in purchasing is unnecessary. The auditor's advice is obtained before the Board of Control gets the purchase request. Delays are rare, and usually unavoidable.

"Multiple awards" bidding is a bad idea. It allows companies to lobby with individual agencies to persuade them to buy the companies' products. The whole point of having a state purchasing agency is to avoid this sort of activity, which is an invitation to corruption. Any needed flexibility can be built into the regular purchasing system by allowing agencies to specify just what they need.